WELCOME TO PARLIAMENTARY DELEGATION FROM PAKISTAN

MR. DEPUTY CHAIRMAN: Hon. Members, I have an announcement to make. We have with us, seated in the Special Box, members of a parliamentary delegation from Pakistan, currently on visit to our country under the distinguished leadership of His Excellency Chaudhary Amir Hussain, Speaker of the National Assembly of Pakistan.

On behalf of the Members of the House and on my own behalf, I take pleasure in extending a hearty welcome to the leader and other members of the delegation and wish our distinguished guests an enjoyable and fruitful stay in our country. We hope that during their stay here they would be able to see and learn more about our parliamentary system, our country and our people, and that their visit to this country will further strengthen the friendly bonds that exist between India and Pakistan. Through them, we convey our greetings and best wishes to the Parliament and the friendly people of Pakistan.

ORAL ANSWERS TO QUESTIONS—Contd.

Special package to boost exports

*264. SHRI GIREESH KUMAR SANGHI:††
DR. T. SUBBARAMI REDDY:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government propose special packages for boosting exports in the textiles, tea and coffee industries as a follow-up to the Foreign Trade Policy;

(b) if so, whether Government have felt a need for special emphasis on some sectors in which the country had natural abilities;

(c) if so, the details of the packages prepared in regard to tea and coffee; and

(d) by when these are likely to be announced and implemented?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH): (a) to (d) Besides promoting all exports, the new Foreign Trade

† †The Question was actually asked on the floor of the House by Shri Gireesh Kumar Sanghi.

Policy seeks to promote exports in thrust sectors like agriculture, handlooms, handicrafts, gems and jewellery, leather and footwear.

Government has decided to include such sectors for special sectoral initiatives in recognition of the fact that the primary purpose of trade is not mere earning of foreign exchange but stimulation of greater economic activity and expanding employment opportunities, especially, in semi-urban and rural areas.

Packages for Tea and Coffee are under active consideration.

SHRI GIREESH KUMAR SANGHI: Sir, with the opening up of the World Trade in 2005, China is also gearing up for this. In textiles, their existing share is almost 17 per cent, as per the newspaper reports. And, they are planning to take it up to 50 per cent. I would like to know, through you, from the hon. Minister what is the programme that we are having in our country to meet this challenge?

SHRI KAMAL NATH: Sir, it is true that the Multi-Fibre Agreement, the agreement on clothing and textiles, comes to end on 31st December. In textiles, we have set a target of 15,160 million dollars, out of which garments are roughly between 40 and 45 per cent. With the end of the discriminatory quota regime, which comes to an end on 31st December, we see that Mkensie had carried out a study, and it has been established that India's share in export, especially to the European Union and the United States, would go up. And, we expect it to rise by about 15-18 per cent, almost going up to 25 to 30 billion dollars. Certain steps have been taken because it was known that the Multi-fibre Agreement is ending. Over the last several years, the Government had taken several steps. These steps include calibration of our excise duties, which have been brought down in the excise chain.

There are schemes of apparel parks. Additional customs duties have been abandoned. And we have also, in the Foreign Trade Policy, announced various schemes, that is, the duty-free import of trimmings, the Handicrafts Export Promotion Councils, and the apparel and the Texprocil, have all been activated. So, we see that we are reasonably prepared. Now, the only threat we see is in terms of possible non-tariff barriers, which may be imposed by the European Union or the United States, and the Government is keeping a close watch on this.

SHRI GIREESH KUMAR SANGHI: Mr. Deputy Chairman, Sir, our major exports are in raw materials, like, cotton and yarn. With the opening up of the quota, is the Government contemplating to give any special incentive for converting them into finished product and get more value addition?

SHRI KAMAL NATH: Mr. Deputy Chairman, Sir, in the ongoing discussion with the WTO, we have been actively discussing this. And in the framework agreement entered into in Geneva in July, we had put special emphasis on tariff peaks and tariff escalations. That means, at the moment, the current duty structures in the developed countries are that for the value added products, within the same tariff bank, the value is much higher. So there is a tariff escalation. That means for yearn, there are low duties, but for garments there are higher duties. We have taken up this issue of tariff escalations and the tariff peaks so that these additional high tariffs for value added items are not there. This is currently under negotiations in the WTO.

DR. T SUBBARAMI REDDY: Mr. Deputy Chairman, Sir, my specific question is this. Sir, it is a known fact that India is one of the countries in the world, which occupy a primary position in the manufacture of textiles and also in producing tea and coffee. So, I want a specific reply from the hon. Minister. The reply given by the Minister does not deal with textiles, tea or coffee. In the last sentence he has said: "Packages for Tea and Coffee are under active consideration." No; I want a categorical reply. What are the plans under active consideration for packages?

Secondly, what is the Government's plan to promote the export of textiles, tea and coffee? What package is expected to come? And when can we expect this package to be given for textiles, tea and coffee?

SHRI KAMAL NATH: Sir, I will deal with coffee first. Eighty per cent of our coffee is exported. We represent about four per cent of world production, and our world trade is also roughly four per cent. Now, prices are the ones which drive trade. International prices have gone down in the last several years. In 1997,ArabicawasRs. 130, but in 2003 it came down to Rs. 56. But in the last couple of months it has gone up to Rs. 80. Sir, at the end of the day, the question is of remaining competitive, having a presence in the global market and the Indian brand of coffee being

recognised. But we also must recognise that world consumption is not keeping pace with world production. World production is going up by three per cent whereas world consumption is going up by only one and a half per cent.

We represent 28 per cent of the world's market in trade and 14 per cent of the world tea trade. Sir, exports have been pegged to be at 200 million kgs. Our figure from April-to October show that we are heading in that direction.

Sir, Karnataka, which accounts for about 70 per cent of India's coffee production, came under severe drought. A Package was given to the coffee farmers in the year 2000-01, but, I think, that Coffee Package never worked. Now, another Coffee Package, that is, a Special Coffee Term Loan was finalised in the year 2000. That did not seem to have worked because the drought continued alongwith the decline in world coffee prices. Another package is being worked out *...(Interruptions)...* I am still at coffee, I am coming to tea. Now, I come to tea, Sir, because this question covers textile, tea and coffee. Sir, as far as tea is concerned, again, India is the largest producer of tea in the world. We have 20 per cent of the world production and 14 per cent of the world trade. We have set a target. We are heading to meet the target. Sir, the problem with regard to tea is not merely competitiveness, over the years regeneration of bushes has not taken place and profits earned by companies out of tea in the boom time - this is the gloom time - have been diverted to other industries. As regards the tea package, I have held a tea seminar for several hours with all segments of the tea industry. We are working on it and I am going to hold a meeting of MPs also in the next couple of days - MPs from tea growing States *...(Interruptions)...* yes, over a cup of tea and coffee. Sir, where textile is concerned, I have said that in the entire chain of the textile sector which includes from fabric to yarn to garments *...(Interruptions)...* there is a package. Over the years, we have done this *...(Interruptions)...*

SHRI P.G. NARAYANAN: Mr. Deputy Chairman, Sir, the Ministry of Commerce has proposed to provide more concessions to industries operating from Special Economic Zones. Has the concession been finalised? What are those concessions?

SHRI KAMAL NATH: Sir, as regards the Special Economic Zone, I will be coming to Parliament with a legislation for Special Economic Zones. A Special Economic Zone will be an Economic Zone having a different regulatory framework. In fact, it should have no regulatory framework.

It will be, for economic purposes, almost a foreign territory within an Indian territory. Economic Zones have achieved a great success in China and in other countries. We have almost finalised it. And I think, very shortly, I will come to Parliament with a Special Economic Zone legislation. We believed this is a not a special export zone. Sir, this is a Special Economic Zone as distinct from an export zone. We are giving State Governments the flexibilities. We are going to have flexibilities in our fiscal and financial structures so that all the frameworks which, sometimes, inhibit exports and inhibit trade are removed.

श्री आर. पी. गोयनका : सर, मेरे दो सवाल है, जो चाय से कनेक्टेड है । पहला सवाल है कि ... (व्यवधान)...

श्री संजय निरुपम : चाय गरम है या ठंडी ?

श्री आर. पी. गोयनका : आपकी जो इच्छा हो सो पीजिए । हम दोनो में खुश है । ...(**व्यवधान**)... सर, मेरा सवाल है कि श्रीलंका से चाय इम्पोर्ट होती है और उस चाय के आने से यहां की चाय के दाम गिर जाते है और जब अपनी एक्सपोर्ट करते है तो अपना रिएलाइजेशन उतना ही कम होता है । तो श्रीलंका से चाय लाने के लिए आप क्या रुकावट डालेंगे । जिससे यहां की चाय के दाम बढ़े? यह मेरा पहला सवाल है । मेरा दूसरा सवाल यह है कि मंत्री जी ने कहा था कि विंटर सेशन में वे चाय और कॉफी के सम्बन्ध में पैकेज लाएंगे , सर विंटर सेशन तो इसी वीक खत्म होने वाला है, तो यह आप कब लाएंगे, यह मैं आपसे पूछ रहा हूं?

श्री कमल नाथ : सर, जहां तक माननीय सदस्य का प्रश्न श्रीलंका के संबंध में है, हमारा श्रीलंका के साथ फ्री – ट्रेड एग्रीमेंट है । लेकिन इस फ्री – ट्रेड एग्रीमेंट में इस प्रकार की छूट नही है कि उससे हमारे मूल्य प्रभावित हो सकें । श्रीलंका के साथ हमारा केवल 15 मिलियन किलोग्राम का टीआरक्यू है । हमारा डयूटी फ्री इम्पोर्ट नही है , सर टीआरक्यू है, जिसमें हम साढ़े सात परसेंट डयूटी लगाते है । इसके बावजूद भी, माननीय सदस्य जिस खतरे का एहसास कर रहे है , उसके बारे में , मैं उन्हें बताना चाहता हूं कि ...(**व्यवधान**)...

श्रीमती सरला माहेश्वरी : बगांल के चाय के साथ – बागान खत्म हो रहे है । ...(**व्यवधान**)...

श्री कमल नाथ : मैं उन्हें बताना चाहता हूं कि कुल पाइंट 2 मिलियन के.जी. चाय वर्ष 2003 – 04 में आई है । इतनी ज्यादा मात्रा में चाय नही आई है जो हमारे देश के मूल्यों को प्रभावित कर सके । ...(**व्यवधान**)...

सर, दूसरा प्रश्न है कि कब यह टी – पैकेज आयेगा । माननीय सदस्य को मैंने सूचित किया है, उन्हें सूचना मिली होगी । ...(**व्यवधान**)... सर माननीय सदस्य शायद राजस्थान से हैं, लेकिन जो सांसद बगांल , आसाम, बिहार और अन्य प्रदेशों के है ...(**व्यवधान**)... आप यू. पी. , एम. पी. से है, इसलिए आपको यह सूचना नही मिली है । ...(**व्यवधान**)...

श्रीमती सरला माहेश्वरी : उपसभापति जी । ...(**व्यवधान**)...

श्री उपसभापति : देखिये, अभी बहुत से क्वेश्चन्स बाकी है । ...(**व्यवधान**)...

श्री कमल नाथ : सर, मैंने संबंधित सदस्यों की बैठक ...(**व्यवधान**)... सर, मैंने माननीय सदस्यों की एक बैठक अगले दो – तीन दिन में बुलाई है ।

Economic cooperation with Pakistan

*265. SHRIMATI SYEDA ANWARA TAIMUR: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government have proposed to implement the "Early Harvest Scheme (EHS)" for economic cooperation with Pakistan;

(b) if so, the details thereof;

(c) wnetner representatives of both the countries have recently met to discuss the possibilities of economic cooperation; and

(d) if so, the details thereof?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH): (a) to (d) As a part of the Composite Dialogue, a meeting on Economic and Commercial Cooperation with Pakistan was held at Commerce Secretaries' level on 11 -12 August, 2004 in Islamabad for giving a positive direction to the economic activities between the two countries. Then, in the wings of the 4th SAARC Commerce Ministers Meeting in Islamabad on 22-23 November, 2004 Commerce Ministers of India and •» Pakistan met to discuss a roadmap for promoting trade between the two countries. During this meeting, they agreed to set up a Joint Study Group (JSG) to be co-chaired by tne Commerce Secretaries of the two countries $_4$ which, among other things, would look at certain preferential trading arrangements on goods, services and investments on a fast track basis. JSG would also discuss the possibility of enhancing economic cooperation in other areas of mutual interest. The detailed terms of reference of the